

PRESS RELEASE

NIO PETROLEUM LIMITED

Nio Petroleum signs a 42.5 percent interest in a two block PSC, Sabah, Malaysia.

The blocks contain an oil discovery which may be developable in the near term, with significant exploration upside.

Kuala Lumpur-19 May 2010- Nio Petroleum Limited ("Nio"), a privately held oil and gas company operating exclusively in Southeast Asia, has completed the transaction with the signing of this Production Sharing Contract ("PSC").

Blocks SB307/308

Blocks SB307 and SB308 cover an area of about 6,230 km². The blocks contain one oil discovery that will be the subject of further evaluation to determine if it can be commercially developed. In addition, several prospects and leads have been identified in the blocks from previous 2D and 3D seismic campaigns.

Further seismic data acquisition is currently underway and further seismic reprocessing and the drilling of at least one well will be completed on these two blocks.

Nio will be partnered by Lundin Petroleum (Operator) with 42.5 percent and PETRONAS Carigali holding a 15.0 per cent interest.

Richard Hall, Chief Executive Officer, said "We welcome the opportunity to be active in Malaysia where our management team has enjoyed previous success. These blocks provide an excellent platform for us to create value by applying our expertise in marginal field development".

About Nio

Nio is a private company, primarily funded by Barclays Natural Resource Investments. Nio's business is to create value by developing dormant discoveries of oil and gas accumulations and redeveloping mature, previously developed fields.

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